

ASX RELEASE

Ellex Medical Lasers Limited (ASX:ELX)

Adelaide, Australia

Date: 27 February 2015

Release: Immediate

Topic: Financial Report for Half-Year ended 31 December 2014



Highlights:

- **Revenues up by 19% on PCP**
- **Profit before tax up by 85% on PCP**
- **Free cashflow up 260% on PCP**
- **2RT™ sales momentum grows**
- **FY15 full year outlook strong**

Adelaide, Australia, 27 February 2015 – Ellex Medical Lasers Limited (ASX:ELX), a world leader in medical technologies for the diagnosis and treatment of eye disease, today released its financial results for the six months ended 31 December 2014. Ellex reported a profit before tax of \$1.3 million compared with \$654,000 in the prior comparative period. Free cash flow from operations also increased to \$1.1m compared with \$0.3m in the prior corresponding period, and was significantly up on the negative \$0.4m recorded for the year ended 30 June 2014.

The result was struck on revenue of \$30.7 million which was \$4.8 million (19%) higher than the prior comparative period. This improvement was attributable to several factors; the acquisition of the Canaloplasty business, the initial sales of the recently released Integre Pro retinal laser, good sales globally of the Company's new UltraQ Reflex™ laser for treatment of vitreous floaters, continued growth in Asia and, late in the year, the lower value of the Australian dollar against the US dollar.

“Of the increase on sales, approximately half was attributable to organic growth from our products and half was attributable to the Canaloplasty acquisition. The organic growth was pleasing and the Canaloplasty business is running to plan” commented CEO Mr Tom Spurling.

The operating result would have been even better if it wasn't negatively impacted by the poor operating result in Japan and subsequent restructuring costs. It was also impacted by an increase in the amortisation charge for product development costs associated with new products that were released to market.

“Three years ago the business in Japan was the major earning division of the business but it has been declining in recent years. In early October 2014 we undertook a management restructure to remedy this. The poor Japanese trading result and restructuring costs reduced group earnings by approximately \$0.8m during the period” explained Mr Spurling.

On the 2RT™ program for early AMD treatment Mr Spurling stated “Unit sales to early adopters continued during the period and momentum is growing for this unique, world-leading product. In addition we invested in the LEAD trial at CERA and our own program to increase clinical awareness which is gaining pace.”

With respect to the outlook for the full year ending 30 June 2015, Mr Spurling commented “Provided our Japanese restructuring plans and new product launch are effective, we expect that full-year revenue and profit before tax will materially exceed the prior year.”

Additional details information on the financial results is in the attached investor presentation.

ABOUT ELLEX

Ellex Medical Lasers Limited (ASX:ELX) is a leader in the development of medical technologies for the diagnosis and treatment of eye disease. With more than 20,000 systems delivered to market, Ellex has evolved since 1985 from a manufacturing company of primarily OEM products, to direct marketing of its own branded products through subsidiaries in the United States, Japan, France, Germany and Australia, and a network of distribution partners in more than 100 countries. In recent years, Ellex has diversified its product range beyond lasers and ultrasound equipment to include distribution of a number of complementary third-party ophthalmic products. On 31 December 2013 Ellex acquired the Canaloplasty microcatheter-based glaucoma surgical treatment from iScience Interventional, Inc.

For additional information about Ellex and its products, please visit www.ellex.com

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